

## V. What to Consider Before Retirement

Each workshop lasts approximately two hours.

A schedule of workshops is prepared and distributed in the fall. Schedules should be available at your school site, district office, or county office of education.

**A**s you near retirement age, it is a good time to review your current financial status and plan for your final career years and approaching retirement. If you are about age 50, or if you are within a few years of your projected retirement date, you may want to consider the following:

### Retirement Counseling

*How can I obtain information and retirement counseling?*

STRS conducts retirement workshops in locations throughout the state, and STRS-trained Regional Counselors provide individual pre-retirement counseling by appointment.

### Workshops

STRS invites local school districts to host retirement workshops conducted by a Regional Counselor. You may attend a workshop at any point in your career. However, it is particularly important for you to attend a workshop within five years of retirement. STRS also encourages you to attend a workshop early in your career as part of your financial planning process.



### Scheduling a Personal Interview

Before you file a retirement application, schedule a retirement interview with a STRS Regional Counselor. During this interview the retirement counselor will outline the alternatives available to you and provide you with an estimate of your retirement allowance.

The counselor can also provide information about when you will receive your retirement allowance and answer other questions you may have.

### *When should I schedule a pre-retirement interview?*

Pre-retirement interviews should be scheduled at least six to twelve months in advance of your planned retirement date.

### *What Information Should I Bring to the Interview?*

- the anticipated date of your retirement
- an estimate of your unused sick leave
- the number of days you are required to work during the year
- an estimate of your last three years of earnable compensation

You are encouraged to bring your spouse or your intended or named option beneficiary to this interview. If your option beneficiary is unable to attend the interview, please be prepared to supply his or her birthdate. All information shared with the retirement counselor during this interview is confidential and used only for preparing your personal retirement estimate.



## What About Social Security?

Although your STRS retirement is not integrated with Social Security, you should contact Social Security as part of your overall planning. You may wish to investigate whether non-teaching employment has resulted in eligibility for Social Security or if you are eligible for benefits based on a spouse or former spouse's account.

For information about Social Security, contact the Social Security Administration toll-free at 1-800-772-1213.

## More Information About Regional Counseling Locations and Schedules

See Section X, General Information, Regional Counseling Centers and STRS world wide web home page at <http://www.strs.ca.gov>



## Golden Handshake

The Golden Handshake program became available March 15, 1994, and will remain in effect through December 31, 1998, for eligible STRS members if your employer participates. You may receive two additional years of service credit upon retirement under this program.

To qualify for the program, you must meet the eligibility requirements for Service Retirement and file a Service Retirement application with STRS no later than the last day of the month in which you wish your retirement to be effective. See Section VI, Service Retirement. Your retirement effective date must be within the Golden Handshake window period established by your employer.

Employer approval is required before this additional service credit can be included in your benefit calculation and the employer must pay all costs associated with the additional service credit.

## Reduced Workload Program

The STRS Reduced Workload Program allows eligible members to reduce their workload from full-time to part-time duties (a minimum of 50 percent of full time) for up to ten years, normally the last ten years before retirement.

You would receive full-time service credit, while working less than full time. At the time of retirement, your allowance will be calculated as though you continued to work full time.

You must be age 55 or older; have been employed full time for a minimum of 10 years in a position requiring STRS membership and have been employed full-time in a position requiring STRS membership five consecutive years immediately prior to entering the program.

Both member and employer contributions are paid on the full-time earnable salary, rather than the actual part-time salary earned while participating in the program. Therefore, the employer will be required to pay a higher contribution rate for a member to participate.

The consequences of failing to work at least 50 percent as required by the program can be significant. This occurs if the member does not earn creditable compensation for at least 50 percent of full time in any one school year. Service credit for the year will be calculated on actual time worked.

For example, a member who was employed 50 percent of full time had her pay docked because she became ill and ran out of sick leave. Consequently she failed to perform creditable service for at least 50 percent of full time that year. Retiring before the end of the school year can also impact program participants in the Reduced Workload Program.

After discussing the Reduced Workload Program with your employer and reviewing personal qualifications, you must enter into a contractual agreement with your employer to participate.



## Concurrent Retirement

In some circumstances, a STRS DB Plan member may retire with less than five years of STRS credited service. If a member is age 55 or older and retires concurrently with certain employment under the Public Employees' Retirement System, the Legislators' Retirement System, the University of California Retirement System, or the San Francisco City and County Employees' Retirement System, he or she may retire with less than five years of credited service.

## Pre-Retirement Election of an Option

### *Electing an Option Before Retirement*

If you are eligible to retire, you may make a pre-retirement election of an option. This election is available if you do not yet wish to retire, but want to ensure a monthly lifetime income to another person, if you should die before retirement. (See Section VI, Service Retirement, for a discussion of options.)

The monthly allowance is based on the modified benefit which would have been paid if you had retired as of the date of death. At retirement, your allowance will be modified under the elected option.

### *Spousal Signature*

If you are married, the pre-retirement election of an option must be signed by your spouse, or the justification for non-signature of spouse must be completed and returned with the pre-retirement election. If your spouse does not sign, or the justification for non-signature is not received by STRS, the pre-retirement election is not acceptable and will not be effective until the requirements are met.

The election will be effective on the date signed only if it is received by STRS within 30 days from the date you sign it. If the Option beneficiary dies *before* you retire, the option is automatically canceled. The retirement allowance will be reduced to pay for the period of coverage provided by the pre-retirement option.

Modification of the retirement allowance under any pre-retirement election of an option is based on your age and the age of the option beneficiary on the date the pre-retirement election is signed. The Factors in effect as of the effective date of retirement will be used in determining the option factor.

## Examples

### Member Chooses Pre-Retirement Election of an Option

- Member retires at age 60
- Option 2 beneficiary is also age 60
- Both member and option beneficiary were age 55 when pre-retirement option was chosen

Unmodified Allowance .....	\$1,963.89
x Percentage Payable .....	x .893
(Option Table 2)	
= Member's Modified Allowance ....	\$1,753.75

### Member Does Not Choose Pre-Retirement Election of an Option

- Member retires at age 60
- Option 2 beneficiary is also age 60
- A pre-retirement election of an option was not made
- Member elects option at time of retirement

Unmodified Allowance .....	\$1,963.89
x Percentage Payable .....	x .893
(Option Table 2)	
= Member's Modified Allowance ....	\$1,702.69

The examples illustrate two members, one who chooses an option before retirement and another who waits until retirement to choose an option.

The member in the first example has provided a lifetime monthly allowance to a beneficiary—even if the member should die before retirement. Although the allowance will be reduced at retirement, the modified allowance will be slightly higher than it would have been if the member had waited until retirement to choose an option, since the pre-retirement election of an option allows use of the younger member and beneficiary ages.

The advantages and disadvantages of choosing a pre-retirement election of an option must be assessed on an individual basis.

### Advantages

If you should die prior to retirement, your option beneficiary will receive a lifetime monthly allowance. The allowance begins immediately upon your death, regardless of the age of the beneficiary.

In most cases, the modified allowance will be greater than if an option is elected at the time of retirement.

If you become disabled after making a pre-retirement election of an option, and you have Disability Allowance, Coverage A, you may retain the option election in order to provide a monthly allowance to your option beneficiary.

### Disadvantages

If you cancel or change your pre-retirement election of an option before retiring, your retirement allowance will be reduced for life to pay for the time the option was in effect.

Under Disability Retirement, Coverage B, the pre-retirement election of an option will be automatically voided as of the effective date of an approved disability retirement; however, you can then elect an option under disability retirement.

Since only one person can be designated as an option beneficiary, other survivors who may otherwise be qualified will not be eligible to receive a family or survivor benefit allowance.

If your option beneficiary dies before you retire and you had elected an option, the election will be automatically canceled and your retirement allowance will be assessed.

## Cancellation of an Existing Pre-Retirement Election of an Option

You may cancel an existing pre-retirement election of an option at any time before retirement. A pre-retirement election of an option is canceled automatically when a member elects a new option, elects a new option beneficiary, or if the option beneficiary predeceases the member.

If the pre-retirement election of an option is canceled, an assessment is calculated at retirement. As a result of legislation, the calculation of the assessment factor has changed for those members who cancel their pre-retirement election of an option on or after January 1, 1996. This change does not affect pre-retirement elections of an option that were canceled before January 1, 1996.

The factors in effect on the cancellation date of the pre-retirement election of an option will be used to calculate the assessment. The assessment factor is based on the following:

- the option selected
- the amount of time the pre-retirement election was in effect
- the age of the member at the time of election and cancellation
- whether the member has Coverage A or Coverage B
- whether the option beneficiary is the member's spouse

If you are considering canceling your pre-retirement election of an option, electing a different option, or naming a different option beneficiary, STRS recommends that you meet with a STRS Regional Counselor to discuss the possible effects of that change on your retirement allowance.

A spouse *must* sign the cancellation of a pre-retirement election of an option, or a justification for non-signature must be completed and returned with the request for cancellation. If the spouse's signature is not provided, or the justification of non-signature of spouse is not received by STRS, the cancellation is not acceptable and will not be effective until the requirements are met.





For more information regarding pre-retirement election of an option, call STRS Teletalk system at 1-800-228-5453 and select message # 200, Regional Counseling Services; or message #300, Pre-retirement Election of an Option.

### Birthdate Verification

Under some circumstances, STRS will request verification of the birthdate of a member and/or the option beneficiary. Acceptable documentation for birthdate verification is listed in order of preference:

- certified birth record (recorded at least seven years prior to application for STRS benefits)
- certified church baptismal record (recorded at least seven years prior to application for STRS benefits)
- transcript of listing in federal census (recorded within ten years of birth)



If you have ever changed your name from the name shown on the record of birth, a certified copy of the marriage certificate or court order documenting the change is required.

If you do not have one of these records, please contact STRS for assistance.

### Regional Counseling Appointment

Because the election or non-election of an option determines what benefits will be available to your option beneficiary, STRS recommends that you schedule an appointment with a regional counselor and encourages you to bring your intended beneficiary to this interview.



